

2023 Nebraska Legislative Changes

Nebraska Department of Revenue Property Assessment Division

September 12, 2023

LB 727 Changes:

Special Valuation: §§ 46 and 47 Operative Date: June 7, 2023

- **Amended Statutes:** [Neb. Rev. Stat. §§ 77-1344](#) and [77-1347](#)

Requirements for real property to receive special valuation are changed so that the land must only be agricultural or horticultural and consists of five acres or more. As of January 1, 2023, land within the corporate boundaries of any sanitary and improvement district, city, or village is no longer excluded from special valuation. Land can only be disqualified if the county assessor received written notice from the applicant/ successor in interest or if the land no longer qualifies as agricultural or horticultural land.

Property Tax Request Act: §§ 49 and 50 Operative Date: June 7, 2023

- **Amended Statutes :** [Neb. Rev. Stat. §§ 77-1631](#) and [77-1633](#)

The amount to be levied for the payment of principal or interest on bonds issued or authorized to be issued by a school district is excluded from the definition of "Property Tax Request". A political subdivision's property tax request is the total amount of property taxes requested to be raised for the political subdivision.

Additionally, changes are made to the postcard and hearing process followed by political subdivisions wanting to increase their property tax requests by more than the allowable growth percentage. These changes include the following:

- ❖ At least one elected official from each participating political subdivision to attend the joint public hearing;
- ❖ The joint public hearing is to be held on or after September 14th (changed from the 17th) and prior to September 24th (changed from the 29th);
- ❖ Each political subdivision that participates in the public hearing is to electronically send the following information to the county assessor (changed from clerk) by September 4th (changed from the 5th): the date, time, and location for the joint public hearing, the contact information for each political subdivision participating in the hearing, and the amount of each participating political subdivision's property tax request;
- ❖ The county clerk is to notify the county assessor of the date, time, and location of the hearing no later than September 4th (changed from September 10th);

- ❖ The political subdivisions are to maintain a prominently displayed and easily accessible link on its website to the proposed budget (this requirement does not apply to a county with a population of less than 10,000 inhabitants, a city with a population of less than 1,000 inhabitants, or joint hearings prior to January 1, 2024, a school district; and
- ❖ Additional requirements are added to the hearing report prepared by the county clerk which include the following: name of each political subdivision that participated in the joint public hearing, the real growth value and percentage for each participating political subdivision, the amount of increase that the participating political subdivision is seeking in excess of the allowable, and the number of individuals who signed in to attend.

Tax Deeds and Notice to Property Owners: §§ 51 – 56

Operative Date: June 7, 2023

- **Amended Statutes:** [Neb. Rev. Stat. §§ 77-1701; 77-1802; 77-1818; 77-1824; 77-1837 and 77-1838](#)

Notice due to property owners associated with the purchase of delinquent taxes and tax deeds is increased under these provisions to better protect owner's rights. Notably, within 30 days after recording of a tax deed, the grantee of the deed must pay the previous owner of the property a surplus that is equal to: the sale price of the property (if sold by the tax deed grantee) or the assessed value (if not sold by the tax deed grantee) minus the amount needed to redeem the property and pay all encumbrances, as well as an administrative fee of \$500 or reasonable attorney fees in the event of a judicial foreclosure.

Inheritance Tax Reporting: § 57 Operative Date: June 7, 2023

- **Amended Statute:** [Neb. Rev. Stat. § 77-2015](#)

Clarified reporting requirements imposed on petitioners in a proceeding involving the determination of inheritance tax by a court. Among the changes are the inheritance reporting period runs from July 1st to June 30th of the following year, the implementation of an August 1st due date for county treasurers to submit reports regarding county inheritance taxes generated, and the requirement that the Department of Revenue (DOR) aggregate and compile such reports on or before September 1st and publish the same on DOR's website.

Homestead Exemption: §§ 84-87 Operative Date: January 1, 2024

- **Amended Statutes:** [Neb. Rev. Stat. §§ 77-3506; 77-3512; 77-3513; and 77-3522](#)

Neb. Rev. Stat. § 77-3506, which creates a homestead exemption for certain veterans and veteran spouses, is amended changing filing requirements and creating separate categories. Most prominently, veterans who are eligible for homestead exemption because they are 100% permanently disabled are no longer required to file a homestead exemption on an annual basis. Instead, these veterans must only file a homestead exemption along with the required certification from the Department of Veteran Affairs (VA) in their first year of

application and in years divisible by five after. If a 100% permanently disabled veteran passes away during the five-year exemption period between years during which an application is required and has a surviving spouse, the spouse receives the homestead exemption for the remainder of the five-year exemption period.

This amendment also creates a separate filing category for those veterans who are 100% temporarily disabled and their surviving spouses whereas previously temporarily and permanently disabled veterans had applied in the same category. While these veterans and surviving spouses still must apply on an annual basis, VA certification is now only required in the first year of application and in years divisible by five.

Neb. Rev. Stat. § 77-3515 is amended to clarify that assessors must mail notice on or before April 1 to those individuals who received a homestead exemption and who are required to refile for an exemption in the current homestead application year.

Finally, Neb. Rev. Stat. § 77-3522 is changed to require 14% interest to accrue on the total amount of property taxes not paid during the applicable exemption period to be owed due to a failure to report a change in status of a 100% permanently disabled veteran. The county assessor can revoke the exemption of a 100% permanently disabled veteran back to the date the county assessor has reason to believe that the exemption was improper. Notice of revocation is to be provided and the veteran can provide evidence to receive the exemption. Any notice of revocation can be appealed to the county board of equalization within 30 days.

Refundable Income Tax Credit (Property Tax Incentive Act): [§ 98 of LB727](#) and [§§ 17-19 of LB243](#) Operative Date: September 2, 2023

• Amended Statutes : [Neb. Rev. Stat. §§ 77-6702; 77-6703; and 77-6706](#)

Neb. Rev. Stat. § 77-6702 is amended by LB 727 to state that any property taxes delinquent for five years or more at the time of payment are excluded from the definitions of school district and community college taxes paid and accordingly are not eligible to be included on a taxpayer's refundable income tax credit. This statute is also amended by §17 in LB243 to remove the 5% annual cap on the allowable growth percentage.

The tax credit for school district taxes paid pursuant to Neb. Rev. Stat. § 77-6703 is amended as follows:

- ❖ For tax years 2024 – 2028: DOR is to set the credit percentage so that the total amount of credits for the taxable years be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage;
- ❖ For tax year 2029: DOR is to set the credit percentage so that the total amount of credits for such taxable years shall be the maximum amount of credits allowed in the prior year increased by the allowable growth

percentage plus an additional \$75 million; and

- ❖ For tax year 2030 and each calendar year thereafter, DOR is to set the credit percentage so that the total amount of credits for such taxable years shall be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage.

The tax credit for community college taxes paid pursuant to Neb. Rev. Stat. § 77-6706 is amended as follows:

- ❖ For taxable years beginning or deemed to begin during calendar year 2023, the credit will be equal to the credit as set by DOR, multiplied by the amount of community college taxes paid by the eligible taxpayer during such taxable year. DOR shall set the credit percentage so that the total amount of credits for such taxable years shall be \$100 million;
- ❖ For taxable years beginning or deemed to begin on or after January 1, 2024, the credit shall be equal to 100% of the community college taxes paid by the eligible taxpayer during the taxable year.

[LB 243 Changes:](#)

School District Property Tax Limitation Act: §§ 1-8

Operative Date: January 1, 2024

- **Created New Statutory Act:** [Neb. Rev. Stat. §§ 79-3401 to 79-3408](#)

This legislation creates the School District Property Tax Limitation Act (Act). The Act limits the annual increase in a school district's property tax request authority to a school district's base growth percentage which is equal to 3% with adjustments for increases in school district growth, students with limited English proficiency, and students in poverty. The Act does not apply to that portion of a school district's property tax request that is needed to pay the principal and interest on approved bonds. School districts can exceed their property tax request with approval from 60% of voters voting to approve the increase and increase the base growth percentage by a vote of at least 70% of the school board.

Property Tax Refunds: § 11 Operative Date: September 2, 2023

- **Amended Statute:** [Neb. Rev. Stat. § 77-1736.06](#)

If a political subdivision is unable to pay a property tax refund, interest accrues at **14%** starting 30 days after the date the county assessor certifies the refund amount.

Property Tax Credit Act: § 13 Operative Date: September 2, 2023

- **Amended Statute: [Neb. Rev. Stat. § 77-4212](#)**

The amount of the Property Tax Credit was increased as follows:

2023 - \$360 million

2024 - \$395 million

2025 - \$430 million

2026 - \$445 million

2027 - \$460 million

2028 - \$475 million

2029 - \$475 million PLUS the percentage increase in total assessed value from the prior year (2028) to the current year, plus \$75 million; and

2030 and forward – amount from the prior year PLUS the percentage increase in total assessed value from the prior year to the current year.

Tax Equalization and Review Commission (TERC): §§ 14-16

Operative Date: July 1, 2023

- **Amended Statutes: [Neb. Rev. Stat. §§ 77-5003](#); [77-5004](#); and [77-5015.02](#)**

Neb. Rev. Stat. § 77-5003 is amended by adding an at-large commissioner for a total of four commissioners. Neb. Rev. Stat. § 77-5004 is changed to require at least two commissioners to have practiced law in Nebraska for at least five years whereas previously only one commissioner was required to have practiced law. Language is also added that requires the two attorney commissioners to serve as presiding hearing officer when hearing appeals or matters requiring more than one commissioner. This statute is also amended to establish commissioner pay as a percentage of the salary of the Chief Justice and the judges of the Supreme Court. Finally, Neb. Rev. Stat. § 77-5015.02 Increases the taxable value of a parcel that a single commissioner can hold a hearing from one million dollars or less to two million dollars or less as determined by the county board of equalization.

Community College Levy Authority: § 20-22

Operative Date: September 2, 2023

- **Amended Statutes: [Neb. Rev. Stat. §§ 85-1517](#) and [85-2231](#); created [Neb. Rev. Stat. § 85-2238](#)**

Neb. Rev. Stat. § 85-1517 is amended for fiscal year (FY) 2024-25 and thereafter so a community college may levy only in the following situations:

- ❖ Community colleges can still levy 2¢/ \$100 of value for bond payment and a capital improvement and bond sinking fund.
- ❖ Starting in FY 2024-25, if the state does not provide full funding for community colleges, the college can have an election to authorize a levy to generate revenue equal to what the state funding would have been.

- ❖ Under Neb. Rev. Stat. §85-2231 (Community College Aid Act) if aid is less than what was provided in the previous FY, the community college can, by an election of the community college board of governors, levy to generate revenue to make up the difference in aid funding between aid received in the current and aid received in the previous fiscal year.

Additional Bills:

Annexation: [§ 49 of LB 92](#) Operative Date: September 2, 2023

- **Amended Statute:** [Neb. Rev. Stat. § 13-509](#)

Political subdivisions that pass bonds must notify the county assessor by July 1 or by August 1 for cities of the metropolitan class if the property is to be considered in the taxable valuation of the subdivision for the current year.

Tax Increment Financing (TIF): [§§ 11-20 of LB 531](#) Operative Date: June 7, 2023

- **Amended Statutes:** [Neb. Rev. Stat. §§ 18-2101.02; 18-2105; 18-2109; 18-2117.01; 18-2117.02; 18-2142.05; 18-2147; and 18-2156](#)

The above statutes are amended so that the designation of extremely blighted is valid for 25 years unless the designation is removed by specified procedures. If an area has carried a substandard and blighted or extremely blighted designation for more than 30 years, a TIF project cannot be approved until an analysis of the existing projects has occurred. Additionally, cities may now declare an area substandard or blighted by adopting a resolution after a public hearing, rather than holding additional hearings.